United Nations ECE/CES/2018/14/Add.1

Economic and Social Council

Distr.: General
4 May 2018

English only

Economic Commission for Europe

Conference of European Statisticians
Sixty-sixth plenary session
Geneva, 18-20 June 2018
Item 11 (a) of the provisional agenda
Programme of work of the Statistics subprogramme of the United Nations Economic Commission for Europe
Report on the work of the Conference of European Statisticians, its Bureau and Teams of Specialists

Implementation of the United Nations Economic Commission for Europe Statistical Programme 2017

Note by the Secretariat

Addendum

Report of the Meeting of Group of Experts on National Accounts

Summary

The document presents the key outcomes of the Meeting of Group of Experts on National Accounts which took place from 31 May to 2 June 2017 in Geneva. It was organized following a decision of the Conference of European Statisticians in April 2016 and the recommendation of the previous Meeting of the Group of Experts on National Accounts in May 2016.

The present document is the report of that Group of Experts, and is provided to inform the Conference of European Statisticians of the organization and outcomes of the meeting.

GE.18-07098(E)

1807098

Please recycle

I. Introduction

1. The Meeting of the Group of Experts on National Accounts was held in Geneva on 31 May – 2 June 2017. The meeting was attended by representatives from Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Canada, Chile, Croatia, Czechia, Denmark, Estonia, Finland, Georgia, Germany, Hungary, India, Indonesia, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Moldova, Mongolia, Montenegro, Netherlands, Norway, Poland, Republic of Korea, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America and Uzbekistan. Australia was connected via video conference.

2. The meeting was also attended by representatives from the Bank for International Settlements (BIS), European Central Bank (ECB), Eurasian Economic Commission (EEC), European Commission (Eurostat and Joint Research Centre), European Free Trade Association (EFTA), International Monetary Fund (IMF), Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), Organisation for Economic Co-operation and Development (OECD), United Nations Interim Administration Mission in Kosovo (UNMIK), United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), United Nations Statistics Division (UNSD) and World Trade Organization (WTO).

3. The provisional agenda was adopted.

4. Mr. James Tebrake from Statistics Canada was the Chair of the meeting.

II. Organization of the meeting

5. The following substantive topics were discussed on the basis of presentations, and invited papers:

- Country experience with measuring global production;
- Data exchange and confrontation;
- Large and complex enterprises units and international profiling;
- Price and volume measures;
- Global production insights;
- Global accounts;
- Information item: EU Task Force on factoryless goods producers;
- Future work and adoption of the report.

III. Summary of the main conclusions reached at the meeting

6. Main conclusions and recommendations for future work are given below. All documents for the meeting are available at http://www.unece.org/index.php?id=46239#/

A. Country experience with measuring global production

7. The session reviewed countries' experience with the detection of different global production arrangements identified in the Guide to Measuring Global Production, the related data collection, validation and compilation techniques, and ways to ensure consistency between national accounts, balance of payments and financial accounts. The session also built on experience and knowledge gathered in the European Union (EU) project on Integrated Global Accounts and the OECD work on linking trade and business statistics.

8. Participants recognized the substantial progress in measuring global production that has been achieved internationally over the last years and the need to continue with the follow-up work on the recommendations and research agenda of the Guide. Countries' efforts have concentrated in two main issues: increasing granularity and heterogeneity of data and improving the recording of individual companies involved in global production.

9. Coordination at national level is vital for addressing challenges related to globalization. Coordination is needed between national accounts and balance of payments compilers and, more generally, to bring together the knowledge and expertise of statistical offices and central banks. Ensuring consistency between sector accounts and balance of payments is an important first step that will help to identify issues and gaps in data sources. In view of the intensifying international transactions, work on resolving bilateral asymmetries is another path to be pursued in maintaining data quality and comparability.

10. Measuring globalization requires reconsideration of the data collection and production processes as well as the distribution of tasks. Terminology and language used between different statistical domains need to be synchronized to collect coherent data. The setting up of a large and complex enterprises unit (LCU) to collect and validate data coming from different sources is a key factor for an increased understanding of the activities of multinational enterprises (MNEs) and the provision of consistent picture of the economy.

11. Communication between compilers of different statistics, data providers (especially MNEs) and users should start already at early stages of the statistical production process. This requires qualified staff. Statisticians should communicate better the general meaning of key aggregates, the changes in statistical manuals and the rationale behind them. They should also respond to new user needs for data on globalization. Providing alternative measures of key indicators such as excluding transactions of MNEs from the gross domestic product (GDP) was proposed. The participants, however, highlighted the need for careful consideration when introducing new indicators, including their names, in order to avoid confusion among users.

12. Linking trade and business statistics is an increasingly common practice to develop new, policy relevant statistics on economic globalization. OECD is drafting a Handbook that will address the main statistical challenges encountered in the data linking process. Countries are invited to provide comments and concrete examples for the Handbook.

13. The real life examples of global production arrangements have proved to be very complex. Further work to analyse new global production arrangements, including in services, and to elaborate the typology in the Guide will contribute to broader quality improvement and a better understanding of the economy.

14. The delineation of factoryless goods producers and their identification based on available data sources is problematic. Further work to clarify unresolved issues linked to identification and recording of their transactions will be necessary.

15. In conclusion, participants highlighted the need for promoting and supporting the implementation of the Guide to Measuring Global Production and the exchange of related

country experience in order to improve the consistency, international comparability and overall quality of national accounts and related economic statistics.

B. Data exchange and confrontation

16. The discussion of this session centred on the in-depth review and the survey of countries' experience with micro and macro data sharing, prepared by Finland and UNECE. The session also provided information on current work of Canada, Eurostat, IMF and OECD.

17. Participants gave advice for the work of the newly established UNECE Task Force on Exchange and Sharing of Economic Data. They emphasized that the work is urgent and the Task Force should structure itself in such a way that it provides concrete, implementable solutions to the problems of data sharing early in its mandate. Therefore, the Task Force should report to the Group of Experts on National Accounts on an annual basis.

18. The Task Force should review the possibility to develop common guidance, tools and secure platforms for data exchange. Good examples of successful data exchange will be analysed and shared. Guidance and tools for reconciliation of MNEs' data should be in the focus of the Task Force's work.

19. Participants noted that national legal frameworks regulating data exchange should be reviewed. In many countries, the statistical law restricts data exchange for statistical purposes among producers of official statistics. Furthermore, even when some data are publicly available, statistical offices typically cannot share or publish the same data. UNECE Task Force on Common Elements of Statistical Legislation is preparing generic guidance on modern statistical legislation by 2018, and should consider these issues.

20. Participants recognized trust as essential to extending data exchange. The need for advancing international data sharing has to be well communicated to the respondents, in particular to large enterprises, to maintain their trust. It is important to aim at more harmonized disclosure rules globally and at having one voice when communicating the reasoning for increased data sharing.

21. International support in the development of asymmetry reports, such as the IMF Coordinated Direct Investments Survey report, was welcomed by the participants. These reports proved to be an efficient way for countries to identify major asymmetries and help them quickly detect areas that need to be addressed.

22. Participants noted that any change in data sharing requires a cultural change in statistical organizations, for instance to see what can be done already within the current legal frameworks. In order to invoke this cultural change, support at the highest level in each organization is required. Chief Statisticians should be properly briefed about this work and kept informed of the progress achieved. The discussion among Chief Statisticians on the exchange and sharing of economic data at the Conference of European Statisticians (CES), on 21 June 2017, will be important in this regard.

C. Large and complex enterprises units and international profiling

23. Countries shared experience and identified best practices in organizing large cases units (LCU) - special units that deal with the large and complex enterprises and carry out profiling of (global) enterprises. In this session, Eurostat provided an update of the EuroGroups Register and profiling of the largest multinational groups in the European Union.

24. The discussion and the presentations highlighted clear benefits from the work of LCUs and projects on international profiling. These help to maintain the quality of national accounts and economic statistics in general. The participants underlined the importance and usefulness of establishing an LCU in statistical offices and enhancing cooperation between national statistical offices in this area. This also requires a high level management's commitment in the organizations. In this respect, participants advised bringing these issues to the attention of Chief Statisticians, e.g. via the CES plenary sessions.

25. It was noted that the most effective LCUs tend to be those units that are responsible for all aspects of data compilation such as profiling, data collection, data confrontation as well as the processing and editing of the data received from the large enterprises.

26. Participants agreed on the need to cooperate and share data on MNEs in order to record global production consistently across statistical domains and across countries. Such cooperation should take into account all legal constrains and the need to protect data confidentiality. These issues were discussed in more detail in the previous section.

27. International support on how to set up an LCU and how to select complex enterprises in the sample was considered very useful. The Guide to Measuring Global Production contains a chapter that provides insights on the organization and activities of LCUs. This chapter should be updated in some years' time when new experience emerges. Furthermore, there is a demand for more practical guidance for countries that want to start an LCU or profiling, such guidance could be developed based on the lessons learned in countries.

D. Price and volume measures

28. In this session, countries shared information on the methods they are applying to compile volume estimates of those categories of goods and services that are typically observed inside global production arrangements.

29. While significant progress has been made in measuring the nominal value of goods for processing, merchanting and other global production arrangements, much work remains to be done on price and volume estimates.

30. Participants requested more research and sharing of good practices on the selection of prices for deflation and the development of price indices for inward and outward processing services. It was noted that due to digitalization price measurement issues are extending into new areas such as household purchases of clothing or digital products.

31. Participants agreed that further research is required to consider how MNEs operate across borders in order to ensure that appropriate price indices are used in the volume measurement.

32. OECD is planning to launch a new collection of information on national producer price and consumer price indices to provide the basis for a more detailed assessment and harmonization of methodologies across countries and to provide insights into coherence of import price indices (through a comparison with the OECD's newly created database of export and import price indices). Eurostat will address the measurement of prices related to processing and merchanting in the EU Task Force on price and volume measures. The outcomes of this work should be shared internationally. Countries also need to continue to exchange information on the methods they are using for compiling volume measures of global production. The progress made by countries and international organizations will be presented to the 2018 meeting of the Group of Experts.

E. Global Production Insights

33. The session explored some of the uses, analysis and findings that countries have gathered using the new global production related statistical products. It encouraged countries in the development of these products and generated ideas regarding their analytical application. The session also touched upon the approaches that countries have taken in communicating and involving main users and survey respondents in collecting and disseminating data on global production.

34. It was noted that globalization is making our data products more and more complex and national statistical offices need to focus on how to communicate these new data products properly to users in order to maximize the use of these products.

35. Given the dynamic nature of the global economy, national statistical offices need to increase the speed at which they produce and disseminate globalization related data products.

36. It was agreed that participants should continue to share how the data they are producing are being used by and communicated to users so that countries could learn from each other.

F. Global accounts

37. Several international organizations provided information on the work done at international level in order to capture globalization appropriately and provide tools for the analysis of global value chains.

38. Countries noted the progress made and supported the UNSD work of developing a Handbook on Accounting for Global Value Chains. They were pleased that the Handbook will incorporate the various strands of work on global value chains to minimize overlaps. The chapter on financial supply chains was welcomed as it helps with understanding not just the 'real' sector but also the financial side of supply chains. The Handbook should put emphasis on small and medium enterprises that are part of global value chains in addition to large MNEs. Participants suggested that the Handbook could build the Guide to Measuring Global Production in particular on global value chains of factoryless goods production. Other specific comments will be taken into account in the drafting of the chapters.

39. Countries expressed support for developing extended supply and use tables as a useful tool to explain the impact of globalization better. They appreciate the OECD work in setting up the framework. Countries also supported the work of the Full International and Global Accounts for Research in Input-Output (FIGARO) project and commended Eurostat and the Directorate-General Joint Research Centre for their work.

40. The BIS presentation on the nationality-based approach to financial accounts was of great interest to countries. Countries provided feedback on the framework of national accounts and noted the difficulties of applying a fully consolidated view of an MNE.

41. This and other sessions also reflected on the new ways of data collection, including the use of big data related to business processes to capture financial flows.

G. Future work and adoption of the report

42. The next meeting of the Group of Experts on National Accounts will be organized jointly by Eurostat, OECD and UNECE on 22-25 May 2018. The following topics were proposed for the agenda of the 2018 meeting:

(a) Satellite accounts;

(b) Dealing with revisions of time series, revision policies, back-casting;

(c) Globalization (including price and volume measures, data sharing, intellectual property products, digital economy);

(d) The use of new ways and new data sources in constructing national accounts;

(e) Best practices in selected areas;

(f) Other items: National accounts and sustainable development goals (SDGs), statistical units.

43. The following countries and international organizations expressed interest in contributing to the sessions of the 2018 meeting: for topic (a) Canada (session organizer) with contributions from Armenia, Mexico, Norway, United States, UNECE and UNSD; for topic (b) United Stated (session organizer) with contributions from Netherlands, Eurostat, OECD, UNSD; for topic (c) Finland, Eurostat, OECD and UNECE (session organizers), with contributions from Ireland and United States; for topic (d) Canada and United Kingdom.

44. The next meeting of the Group of Experts on National Accounts devoted to measuring global production will be organized in May 2019.

45. Participants underlined the increased complexity of compiling national accounts, the growing importance of issues related to globalization and the substantive work over the last ten years in discussing and developing guidance on global production arrangements under the CES. Furthermore, a number of indicators for follow-up and review of the Agenda 2030 for Sustainable Development and the monitoring of SDGs rely on national accounts' indicators. For this reason, the meeting recommended that the Group of Experts, jointly convened by UNECE, Eurostat and OECD be established as a standing forum under the CES with the name of Expert Group on National Accounts.

46. The participants asked the UNECE Secretariat to inform the CES Bureau on the outcome of the meeting and to follow up on the recommended further work.

47. This report was adopted at the Meeting of the Group of Experts on National Accounts held in Geneva from 31 May to 2 June 2017.